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Chairman: Ms. Wensley ..... (Australia)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Mselle

Contents

Agenda item 123: Joint Inspection Unit (*continued*)

Agenda item 118: Review of the efficiency of the administrative and financial functioning of the United Nations (*continued*)

Agenda item 119: Programme budget for the biennium 1998-1999 (*continued*)

Development Account (*continued*)

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The meeting was called to order at 6.15 p.m.

Agenda item 123: Joint Inspection Unit (*continued*) (A/53/841; A/54/34 and A/54/223)

1. **Mr. Lähdesmäki** (Finland), speaking on behalf of the European Union, the associated countries Bulgaria, Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia and Slovenia, and, in addition, Iceland, said that the European Union had long supported the development of effective and responsive oversight, which was a critical tool for enhancing the efficiency of the administrative and financial functioning of the United Nations. It was important that the Joint Inspection Unit (JIU) should set a good example, organizing its work and using its resources as efficiently as possible. The Unit had a role to play in the efforts under way to reorganize and revitalize the United Nations so as to enable it to respond better to the challenges of an increasingly dynamic and complex world.

2. With regard to follow-up on the Unit's reports, the European Union fully endorsed draft resolution A/C.5/54/L.5, adopted by the Committee at its seventh meeting. As for the programme of work of JIU (A/53/841), it believed that the Unit should define its objectives and areas of activity in a results-oriented manner, taking fully into account the resources available and the work and mandates of the other oversight bodies.

3. Regarding the preliminary listing of potential reports for 2000 and beyond, the European Union considered that a report on support costs on programmes and activities financed from extrabudgetary resources could be useful, but it did not see an urgent need for the proposed study on planning, programming, budgeting, monitoring and evaluation procedures in the United Nations system since the General Assembly had just revised the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation. It might be more useful to follow up those reforms in three to five years' time. The European Union would like to know why JIU had decided to conduct a review of management and administration in the World Health Organization (WHO), and what methodology and data the Unit intended to use for the proposed study of the practice of donors' attaching conditions to special-purpose contributions. The reports and recommendations of JIU should be practicable and as operational as possible.

4. **Mr. Gjesdal** (Norway) said that, from the outset, the system-wide mandate of JIU had been its greatest strength, while its functioning had seemed somewhat erratic at times. His delegation had noted with satisfaction the improved working methods and focus of JIU introduced in 1993.

5. In 1995, Norway had endorsed many of the priorities of JIU, while underscoring the need for the Unit to ensure the relevance and user-friendliness of its reports and to improve its collaboration with other oversight actors. In 1997, it had noted the progress made in those areas, while urging JIU to concentrate its efforts further and reduce the number of reports produced, so that its recommendations would have greater impact and there would be a better tracking system based on the concept of follow-up as a continuous process.

6. Norway endorsed the proposed new system for follow-up on the reports of the Unit. He welcomed the report on implementation of JIU recommendations (A/54/223); continuation of that reporting practice should be considered in the light of the new system.

7. JIU had always operated on a shoestring budget, particularly with regard to research staff; its limited travel budget had restricted the scope of its work programme outside Geneva and New York. In the light of the system-wide mandate of JIU, the increased emphasis on oversight and the improvements in the Unit's functioning in recent years, Norway would support a budget increase to allow for more research staff, and to enable JIU to take up evaluation activity again. JIU should have independence in its choice of staff in order to obtain the mix of skills required.

8. Norway believed that the financial independence of JIU should be assured through strict adherence to article 20.1 of the statute of the Unit, in accordance with which budget estimates for the Unit went before the General Assembly with the comments of the Administrative Committee on Coordination (ACC) and the Advisory Committee on Administrative and Budgetary Questions (ACABQ), so that Member States would be the final judges of the proposals.

9. Norway recognized the value of engaging the participating organizations in drawing up the annual programme of work, giving priority to reports requested by them. However, while the reports listed in the 1999 programme of work were of interest to the General Assembly or to participating organizations, the number of reports listed was in excess of what could meaningfully be undertaken by JIU in the course of a year.

10. The potential impact of JIU recommendations depended on their relevance and follow-up. Ultimately, the effectiveness of JIU depended on the General Assembly's providing the Unit with the necessary support and guidance.

11. **Mr. Demir** (Turkey) said that his delegation welcomed the new practice with respect to the election of the Chairman of the Unit, and agreed with the conclusion in the annual report of JIU (A/54/34, para. 15) that effective leadership could not and should not be imposed but should, rather, be derived from the collective wisdom and choice of the Inspectors themselves. It also endorsed the view that the Unit's staffing resources should be increased in order to allow it to better discharge its mandate (para. 18). Lack of coordination among oversight bodies could lead to duplication of work and even competition, and his delegation therefore noted with satisfaction the Unit's close working relations with the United Nations Board of Auditors and the Office of Internal Oversight Services (OIOS). The Unit's administrative independence must be supported by some degree of budgetary operational independence if it was to be effective. Other matters, such as the Unit's composition and the process for selecting inspectors, required further discussion by the Committee.

12. **Mr. Moktefi** (Algeria) said that his delegation had taken note of the decision of JIU to revert to its previous January-December cycle for its annual report and work programme. It agreed that there was a need to increase the staffing resources of the Unit, which had remained unchanged since 1968, and that the General Assembly should clarify the provisions of article 20 of the JIU statute since its current application by the Secretariat compromised the Unit's operational independence. It noted with satisfaction the Unit's close working relations with the Board of Auditors, OIOS and the Advisory Committee on Administrative and Budgetary Questions, and it welcomed the endorsement by the Committee of the new system of follow-up on the Unit's reports.

13. With regard to the Unit's work programme for 1999 and the preliminary listing of potential reports for 2000 and beyond, he said that the themes chosen well reflected the concerns of Member States. He would welcome clarification of the state of preparation of the reports on delegation of authority and on the policies, practices and procedures for senior-level appointments in the United Nations system, and of the status of the reviews of the management and administration of the International Court of Justice and of the administration of justice in the United Nations. He also wished to know when the comments of the Administrative Committee on Coordination on the Unit's review of ACC machinery and on its reports on common services in Geneva and results-based budgeting would be available.

14. **Ms. Buergo Rodríguez** (Cuba) said that her delegation attached great importance to the Organization's oversight mechanisms, in particular JIU as the chief external auditing body. It welcomed the endorsement by the Committee of the new system of follow-up on the Unit's reports, and trusted that the Committee would make a valuable contribution to the review of the system to be conducted by the General Assembly at its fifty-sixth session. She concurred with the choice of themes in the Unit's work programme for 1999.

15. **Mr. Ouedraogo** (Chairman of the Joint Inspection Unit), replying to questions posed by delegations, including at the Committee's 9th meeting, said that, while a number of recommendations had been made for enhancing the efficiency and effectiveness of JIU at the seminar held in Princeton in October 1998, the Unit considered that such issues as its composition and the selection process for inspectors were for Member States to determine. The proposal that the General Assembly should elect a so-called "Super Inspector" specifically to act as Chairman of the Unit would require a substantial redefinition of the mandate and powers of the other Inspectors and the revision of the Unit's statute. JIU reports were limited to 32 pages. The inclusion in an annex to the reports of comments by the executive heads of participating organizations not accepted by JIU could make that figure difficult to achieve, especially in the case of reports dealing with system-wide issues.

16. No notes or confidential letters had been prepared during the period covered by the current annual report, although three notes and one confidential letter had been sent in 1999 and he anticipated that a further four notes would be prepared by year-end. Most of the notes concerned the response by individual organizations to JIU reports. While it was to be hoped that the recommendations contained in the notes would lead to savings, the added value of JIU recommendations depended on their approval by the legislative organs and their actual implementation by the secretariats of the organizations concerned.

17. The Unit was committed to addressing the decline in its output, which had fallen from 14 reports during the period 1994-1995 to 8 reports in 1996-1997. It must be borne in mind that gathering and analysing data for system-wide reports was cumbersome and time-consuming. Other factors that adversely affected productivity included the restrictions on travel by Inspectors, which, despite increasing use of information technology, remained a vital tool, and delays in recruiting Secretariat staff.

18. The implication of paragraphs 19 and 20 of the Unit's annual report was that the operational independence of JIU would be jeopardized if the Secretariat continued to apply article 20.1 of the Unit's statute as it currently did. Under the new system of follow-up endorsed by the Committee, the Unit would include in its annual reports approved recommendations that had not been implemented, whereas the Secretary-General's report would focus on recommendations that had been implemented by the Secretariat, so that the two reports would complement one another.

19. With respect to the Unit's work programme for 1999 and the preliminary listing of potential reports for 2000 and beyond, he said that the review of management and administration in WHO would be conducted at the same time as the organization implemented a package of reforms and would enable its secretariat to verify whether that process was on track. The Unit always took account of the priorities of the governing bodies of the various participating organizations in determining the subjects of its reports. The proposed review of the practice of donors' attaching conditions to special-purpose contributions, for example, had been suggested by a participating organization.

20. JIU would ensure that the reports on delegation of authority and on the policies, practices and procedures for senior-level appointments in the United Nations system and the reviews of the administration of justice in the United Nations and of the management and administration of the International Court of Justice were completed before the closure of the current session of the General Assembly. The comments of ACC on the three issued JIU reports to which the representative of Algeria had referred were not yet ready, but he understood that the secretariat of ACC had set a deadline of 15 October 1999 for the submission by the participating organizations of their individual comments, which would then be consolidated in the final document.

21. **Ms. Ferrena Mahmud** (Department of Management), responding to a question concerning the criteria that had been used to determine which JIU recommendations would be the subject of the report of the Secretary-General on the implementation of the recommendations of the Joint Inspection Unit (A/54/223), said that the Secretariat had decided to consider the status of implementation of all recommendations where there had been no follow-up. Some of those recommendations dated from 1993.

22. **Mr. Repasch** (United States of America) said that, while he welcomed the candour of the Chairman of JIU regarding the Unit's low productivity, he wished to know what steps would be taken to address that problem. He was pleased to see that the Unit was producing notes and confidential letters, which provided an expeditious means of resolving minor issues. Although it had been stated that, under the new system of follow-up on the Unit's recommendations, the Secretary-General and JIU would prepare complementary reports, he was not convinced of the value of that approach. In particular, he saw no need for the retention of the Secretary-General's report.

Agenda item 118: Review of the efficiency of the administrative and financial functioning of the United Nations (*continued*)

Procurement reform (*continued*) (A/C.5/54/L.8)

Draft resolution A/C.5/54/L.8

23. **Mr. Sial** (Pakistan), introducing draft resolution A/C.5/54/L.8, observed that it had taken the Committee one year to reach consensus on the politically sensitive and complex question of procurement reform. The intensive negotiations that he had coordinated had been facilitated by the progress made by the Procurement Division in implementing General Assembly resolutions on the matter, and by the Division's efforts to address the Committee's concerns. As a result, a number of paragraphs critical of the Procurement Division had been deleted, reducing the draft text by more than half. He recommended that the Committee, reflecting the spirit of mutual understanding that had prevailed throughout the negotiations, should adopt the draft resolution without a vote.

24. **Mr. Lähdesmäki** (Finland), speaking on behalf of the European Union, thanked the Vice-Chairman for the efforts he had made to achieve a consensus resolution. There seemed, however, to be different interpretations of the consensus that had been achieved. He proposed a suspension to allow further informal consultations so that a solid consensus could be reached.

25. **Mr. Barnwell** (Guyana), speaking on behalf of the Group of 77 and China and supported by **Ms. Buergo Rodríguez** (Cuba) and **Mr. Darwish** (Egypt), said that the text of the draft resolution in its entirety had been agreed to in the informal consultations. He urged all delegations to demonstrate the good will that had been pledged during the negotiations.

26. **Mr. Moktefi** (Algeria) said that he was surprised by Finland's proposal. The negotiations had been transparent and no concern had been voiced at that point. He would like to know the reasons for Finland's request.

27. **Mr. Orr** (Canada), supporting Finland's request, recalled that in the informal meetings all the paragraphs had

been adopted but not the headings, which had been introduced at the fifty-third session by Australia, but only to facilitate discussion. Through an oversight, the headings themselves had never been given a second review.

28. **Mr. Nee** (United States of America) said that there was a genuine difference of opinion regarding the headings and what had transpired in the negotiations. He supported Finland's request in the hope that the matter could be speedily resolved.

29. **Mr. Odaga-Jalomayo** (Uganda) said that the entire draft text had been agreed to by consensus. It would set a bad precedent, under the circumstances, to reopen negotiations.

30. **Ms. Sun Minqin** (China) concurred, since no objection had been raised at the proper time and since the headings had no substantive value.

31. **Mr. Moktefi** (Algeria) said that he believed that behind the European Union request was an objection to the heading for section VIII, Preferential treatment, even though the text that followed did not specifically advocate preferential treatment. It could open a Pandora's box to undo the consensus now.

32. **Mr. Herrera** (Mexico) said that it would be of no great moment if the headings were eliminated, as he himself had understood they would be. The headings added nothing, and the problem should be easily resolved.

33. **Mr. Ahounou** (Côte d'Ivoire) asked why time and money should be wasted on such a last-minute questioning when the headings had no legal value and no implications.

34. **Ms. Buergo Rodríguez** (Cuba), pointing out that the Committee needed to finish its consideration of item 118 and keep on schedule, said that too much time was being spent lately on matters that simply complicated negotiations. The Committee had to find a way to avoid proceeding as it had done in the past few days.

35. **Ms. Merchant** (Norway) said that her delegation had no problem with the text but would support a brief suspension in a spirit of cooperation.

36. **Mr. Sial** (Pakistan) observed that although no reason had been given, it was obvious that the interested delegations had forgotten to propose deletion of the headings. He agreed that a brief suspension would resolve the situation.

37. **The Chairman**, suggested that the committee should suspend the meeting to allow the apparent confusion to be cleared up.

The meeting was suspended at 7.45 p.m. and resumed at 8.30 p.m.

38. **The Chairman** suggested that the heading for section VIII of draft resolution A/C.5/54/L.8 should be amended to read: "The question of preferential treatment".

39. **Mr. Barnwell** (Guyana), speaking on behalf of the Group of 77 and China, said that the Group of 77 and China were very concerned about the situation which had arisen as a result of the position taken by their negotiating partners. Nevertheless, in a spirit of flexibility and good will, he was willing to accept the Chairman's suggestion.

40. **Mr. Lähdesmäki** (Finland), speaking on behalf of the European Union, said that there had been an honest misunderstanding over the draft resolution. The European Union delegations were willing to support the draft resolution as amended by the Chairman.

41. *Draft resolution A/C.5/54/L.8, as orally amended, was adopted.*

42. **Mr. Herrera** (Mexico), speaking on behalf of the Rio Group, said that when the item of procurement reform had first been taken up, the Rio Group had been very sceptical, because it had faced a number of situations in which there had been an unwillingness to make significant improvements in bidding procedures. Draft resolution A/C.5/54/L.8 contained innovative elements which would make the work of the Procurement Division more transparent.

43. There was now more information on the Organization's acquisitions, and mechanisms to ensure that vendors on the supplier roster would be invited to submit bids. The level of interaction with staff of the Procurement Division had also improved considerably, which increased confidence in the work of the Division. The Rio Group encouraged the Procurement Division to study ways of improving the system of payments to suppliers and to explore the possibility of using the harmonized system of classification of goods.

44. The Rio Group was aware that there was a long way to go in reform of the procurement system, but believed that there was the will within the Secretariat to eliminate defects and overcome resistance to change.

45. **Mr. Lähdesmäki** (Finland), speaking on behalf of the European Union, said that the European Union commended the efforts of the Procurement Division in recent months to make United Nations procurement more efficient, transparent, cost-effective and competitive, as well as more open to vendors from developing countries and countries with economies in transition, and encouraged further progress in that regard. The European Union found it regrettable that consensus had not been possible on its

long-standing proposal to restrict procurement opportunities for Member States which were in arrears, and intended to pursue that proposal under other agenda items.

46. **Ms. Aragon** (Philippines), speaking on behalf of the Association of South-East Asian Nations (ASEAN), said that the ASEAN countries supported the statement made by Guyana on behalf of the Group of 77 and China. They appreciated the efforts of the Procurement Division to streamline procurement procedures and guidelines and especially to improve its Web site so as to make data on procurement more readily available to international vendors, but felt that more needed to be done, especially with regard to broadening the geographical base of the supplier roster. They encouraged the Procurement Division to take all possible steps to increase procurement opportunities for vendors from developing countries, and looked forward to a report on the implementation of draft resolution A/C.5/54/L.8, indicating any difficulties encountered and suggesting appropriate practical solutions.

47. **Ms. Buergo Rodríguez** (Cuba) said that her delegation hoped that the Secretariat would continue its efforts to ensure preferential treatment for developing countries. At the same time, it felt that the Committee should review its methods of work so as to avoid a repetition of the situation which had arisen with regard to draft resolution A/C.5/54/L.8.

48. **Mr. Mekprayoonthong** (Thailand) said that his delegation associated itself with the statement made by the Philippines on behalf of ASEAN. It noted with satisfaction the action taken to enhance the effectiveness and transparency of the procurement process, and hoped that the adoption of the draft resolution would contribute to further improvement in the work of the Procurement Division.

49. **Mr. Moktefi** (Algeria) said that once again, because of the sense of responsibility and serious attitude of the Group of 77 and China, the Committee had been able to reach consensus. Preferential treatment for developing countries was the most important part of the text, and his delegation believed that the Secretariat should step up efforts to increase procurement of goods and services from those countries.

50. **Mr. Orr** (Canada) said that since the Committee had first taken up the question of procurement reform, there had been a number of positive developments in the work of the Procurement Division. Steps had been taken to increase the transparency and competitiveness of the bidding process, and, in particular, to invite all registered vendors in a particular category to submit bids. The dissemination of information on the Web site was also welcome. Above all, his delegation was pleased that the Procurement Division had not waited for detailed instructions before acting but had identified solutions and taken appropriate action within its prerogatives to allay the concerns of Member States.

51. **Mr. Nee** (United States of America) said that his delegation welcomed the consensus achieved on procurement reform and expressed appreciation for the flexibility and good will shown by the Group of 77. Draft resolution A/C.5/54/L.8 reaffirmed the bedrock principles of openness, transparency and competitiveness in United Nations procurement. His delegation welcomed the significant improvements in United Nations procurement procedures in recent months, including expanded use of the Internet to increase opportunities for vendors from all countries, and encouraged the Secretariat to continue on that path.

52. **Mr. Niwa** (Assistant Secretary-General for Central Support Services) said that many of the requirements in draft resolution A/C.5/54/L.8 had already been acted on by the Procurement Division in recent months. The Secretariat was committed to procurement reform and had taken specific action; the challenge was to maintain the momentum. He was confident that the Secretariat could achieve further progress with the continued support of members of the Committee.

Agenda item 119: Programme budget for the biennium 1998-1999 (*continued*)

Development Account (*continued*) (A/C.5/54/L.11)

Draft resolution A/C.5/54/L.11

53. **Mr. Odaga Jalomayo** (Uganda) said that consensus had been reached on draft resolution A/C.5/54/L.11, except for the word "all" in paragraph 5.

54. **Mr. Barnwell** (Guyana), speaking on behalf of the Group of 77 and China, said that in a spirit of cooperation the Group of 77 and China would once again demonstrate flexibility and good will and request that draft resolution A/C.5/54/L.7 should be held in abeyance until action was taken on draft resolution A/C.5/54/L.11.

The meeting was suspended at 9.05 p.m. and resumed at 9.50 p.m.

55. **The Chairman** suggested that the Committee should continue its consideration of draft resolution A/C.5/54/L.11 in informal consultations.

The meeting rose at 10 p.m.